

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
(973) 504-3600

IN THE MATTER OF:

Discovery Capital Group

CRD # 29355

SUMMARY
REVOCATION ORDER

Discovery Capital Group, Inc.
2768 North University Drive
Coral Springs, FL 33065

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities ("Bureau") by the Uniform Securities Law, as amended, L. 1997, c. 276, N.J.S.A. 49:3-47 et seq., ("Law"), more particularly, N.J.S.A. 49:3-58, and after careful review and due consideration of:

(1) Judgment of Permanent Injunction and Other Relief Filed Against Defendant Discovery Capital Group, filed by the Honorable Paul Huck on October 24, 2002 in the United States District Court for the Southern District of Florida, in the Securities Exchange Commission v. Discovery Capital Group, Inc., Erik Walsh, and John Abresch [Case No. 02-60363-CIV-Huck];

(2) NASD letter of cancellation of membership pursuant to NASD Procedural Rule 9522(a)(2) & (3) (November 8, 2002);

(3) Consent Order, In The Matter of John Abresch and Discovery Capital Group, Inc., Docket No. E-2002-38, Before the Commonwealth of Massachusetts Office of the Secretary of the Commonwealth Securities Division ("Division") (August 13, 2002);

(4) Order Revoking Registration as Broker-Dealer, In the Matter of Discovery Capital Group, Inc., Before the Division of Banking Securities and Business Investments Division of the Department of Banking of the State of Connecticut (March 4, 2003); the Bureau Chief has determined that the broker-dealer registration of Discovery Capital Group, Inc. shall be **REVOKED** for the reasons that follow:

1. Discovery Capital Group ("DCG"), with principal place of business at 2768 N. University Drive, Coral Springs, Florida 33065 had been registered with the Bureau as a broker-dealer between the period beginning June 6, 2000, and ending March 21, 2003, when DCG failed to renew its registration.
2. On March 14, 2002, the Securities Exchange Commission ("SEC") filed an emergency federal civil action against DCG, a broker-dealer registered with the NASD since 1992, Erik Walsh ("Walsh"), DCG's CEO, and John Abresch ("Abresch"), DCG's VP and director of institutional sales, alleging that since June 2001 DCG had raised at least \$2.7 million from investors through the sale of securities in the form of notes and preferred stock. Using high pressure, "boiler-room" tactics, sales agents of DCG falsely told prospective investors that they were affiliated with the well-known brokerage firm E.F. Hutton, had partnered with major banks, or were going public via an Initial Public Offering. The reality of DCG is that they raised investor funds for the benefit of their principals and sales agents, including over \$500,000 to Abresch. The E.F. Hutton affiliation evolved from a company that Walsh set up called E.F. Hutton & Co., Inc. that had no ties to the now defunct E.F. Hutton. In addition, DCG, Abresch, and Walsh failed to record at least \$1.3 million worth of loans, in violation of securities laws and placing customers at risk. This Temporary Restraining Order was entered by the United States Court for the Southern District of Florida on March 15, 2002.

3. On October 24, 2002, the Honorable Paul Huck ("Huck"), for the United States District Court for the Southern District of Florida, entered an order restraining and enjoining defendant Abresch from violations under Sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act of 1933 ("Securities Act"), Section 10(b), 15(c)(1), 15(c)(3) and 17(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Rules 10b-5, 15c1-2, 15c3-1, 17a-3, 17a-4, 17a-5, and 17a-11 promulgated thereunder, an order providing for disgorgement and prejudgment interest thereon, and imposition of a civil money penalty against DCG pursuant to Section 20(d) of the Securities Act and Section 21(d) of the Exchange Act.

4. On April 5, 2002, the NASD notified DCG that the firm and two associated persons of the firm, Abresch and Walsh, were subject to statutory disqualification as a result of the Temporary Restraining Order filed by the SEC and entered by the United States Court for the Southern District of Florida on March 15, 2002. DCG never responded to the letter from the NASD. Accordingly, pursuant to NASD Procedural Rule 9522(a)(2) and (3), on November 8, 2002, the NASD notified DCG that DCG's membership with NASD was canceled, and the registrations of Walsh and Abresch were revoked.

5. On August 13, 2002, DCG entered into a Consent Order with the Director of the Securities Division for the Commonwealth of Massachusetts, revoking and permanently barring DCG's registration as a broker-dealer. Such revocation was based on the many complaints against DCG's agent John Abresch, the failure of DCG to comply with several Division requests, the SEC action, and the desire of both sides to settle the matter.

6. On March 4, 2003, the Commissioner of Banking for the State of Connecticut filed an Order against DCG revoking their registration as a broker-dealer. Such revocation was based on DCG being permanently enjoined by a court of competent jurisdiction from engaging in or continuing any conduct or practice involving an aspect of the securities business.

DCG IS PERMANENTLY ENJOINED BY A COURT OF COMPETENT JURISDICTION
FROM ENGAGING IN OR CONTINUING ANY CONDUCT OR PRACTICE IN THE
SECURITIES BUSINESS

N.J.S.A. 49:3-58(a)(1)

N.J.S.A. 49:3-58(a)(2)(iv)

7. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

8. Pursuant to N.J.S.A. 49:3-58(a):

[t]he bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant ...(iv) is permanently...enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the securities...business.

9. The Emergency Order and Permanent Injunction, as more fully set forth in paragraphs 2 and 3, inclusive, constitute a basis for the revocation of DCG's registration as a broker-dealer pursuant to N.J.S.A. 49:3-58(a)(2)(iv), in that they permanently enjoined DCG from engaging in or continuing any conduct or practice involving any aspect of the securities business.

10. Based upon the foregoing, the revocation of DCG's registration as a broker-dealer is in the public interest and necessary for the protection of investors.

DCG IS THE SUBJECT OF AN ORDER ENTERED WITHIN THE PAST TWO YEARS BY
A SELF-REGULATORY ORGANIZATION DENYING OR REVOKING A SECURITIES
LICENSE OR REGISTRATION

N.J.S.A. 49:3-58(a)(2)(vi)

11. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

12. On November 8, 2002, the NASD notified DCG that the membership of the firm with NASD was canceled, pursuant to NASD Procedural Rule 9522(a)(3). This is cause

pursuant to N.J.S.A. 49:3-58(a)(2)(vi), to revoke DCG's registration.

13. N.J.S.A. 49:3-58(a)(2)(vi) authorizes the Bureau Chief to deny, suspend, or revoke any registration if he finds that the applicant is the subject of an order entered within the past two years by any self-regulatory organization revoking a securities registration if the revocation is based on facts which would currently constitute grounds for an order under New Jersey law.

DCG IS THE SUBJECT OF TWO ORDERS ENTERED WITHIN THE PAST TWO YEARS
BY A STATE SECURITIES ADMINISTRATOR DENYING OR REVOKING THEIR
BROKER-DEALER REGISTRATION
N.J.S.A. 49:3-58(a)(2)(vi)

14. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

15. By Consent Order dated August 13, 2003, the Massachusetts Securities Division revoked DCG's broker-dealer registration and barred them permanently in the Commonwealth of Massachusetts.

16. By order dated March 4, 2003 the Commissioner of Banking for the State of Connecticut revoked DCG's broker-dealer registration based on DCG being permanently enjoined by a court of competent jurisdiction from engaging in or continuing any conduct or practice involving an aspect of the securities business.

17. N.J.S.A. 49:3-58(a)(2)(vi) authorizes the Bureau Chief to deny, suspend, or revoke any registration if he finds that the applicant is the subject of an order entered within the past two years by any state securities administrator denying a securities registration if the denial is based on facts which would currently constitute grounds for an order under New Jersey law.

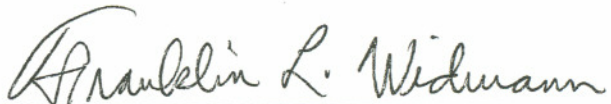
DCG HAS ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE
SECURITIES BUSINESS
N.J.S.A. 49:3-58(a)(2)(vii)

18. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

19. The foregoing conduct by DCG constitutes dishonest or unethical practices in the securities business, which is good cause, pursuant to N.J.S.A. 49:3-58(a)(2)(vii), and it is in the public interest and necessary for the protection of investors, pursuant to N.J.S.A. 49:3-58(a)(1), to revoke DCG's registration as a broker-dealer.

CONCLUSION

For the reasons stated above, it is on this 17th DAY of July 2003 **ORDERED** that the broker-dealer registration of Discovery Capital Group, Inc. be **REVOKED** pursuant to N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(iv)(vi) and (vii).


Franklin L. Widmann
Chief, Bureau of Securities

DATED:

July 17, 2003

NOTICE OF RIGHT TO HEARING

Pursuant to the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., specifically, N.J.S.A. 49:3-58(c), the bureau chief shall entertain on no less than three days notice, a written application to lift the summary revocation on written application of the applicant or registrant and in connection therewith may, but need not, hold a hearing and hear testimony, but shall provide to the applicant or registrant a written statement of the reasons for the summary

revocation.

This matter will be set down for a hearing if a written request for such a hearing is filed with the Bureau within 15 days after the respondent receives this Order. A request for a hearing must be accompanied by a written response, which addresses specifically each of the allegations set forth in the Order. A general denial is unacceptable. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney.

Orders issued pursuant to this subsection to suspend or revoke any registration shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the order to suspend or revoke any registration shall be held in any event within 20 days after it is requested, and the filing of a motion to vacate the order shall toll the time for filing an answer and written request for a hearing.

If no hearing is requested, the Order shall be entered as a Final Order and will remain in effect until modified or vacated. If a hearing is held, the Bureau Chief shall affirm, vacate or modify the order in accord with the findings made at the hearing.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action revoking your registration, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of the relief requested does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.